Foreign Earnings Reinvestment Act Senator Kay R. Hagan (D-NC) and Senator John McCain (R-AZ)

With partisan paralysis hampering economic recovery, the bipartisan Foreign Earnings Reinvestment Act is a pragmatic option to provide some needed relief to our faltering economy.

WHAT IS IT?

The Foreign Earnings Reinvestment Act would trigger the flow of billions of dollars back into the American economy at a time when it is needed most. American companies currently have billions of dollars trapped overseas – dollars that, if brought back to America today, would be subject to tax at a 35 percent rate.

The Foreign Earnings Reinvestment Act allows companies to return those profits into the American economy at a temporarily reduced tax rate of 8.75%. The Foreign Earnings Reinvestment Act provides direct incentives for companies to use repatriated earnings to grow their payrolls, and it penalizes companies that lay off workers after participating in the program.

WHY NOW?

- ❖ The American economy is simply not growing as fast as we need it to. In the fourth quarter of 2009, the U.S. economy grew at a rate of almost four percent. In the first half of this year, 2011, it is estimated that the economy grew at a rate of less than one percent. For Senator Hagan and Senator McCain, this is unacceptable. They know that hardworking families trying to make ends meet need more.
- ❖ Political posturing and name-calling in Washington, DC, have prevented Congress from working to reverse the anemic growth that has curtailed economic recovery. **Instead of bickering over the perfect solution, Congress should come together to enact practical, bipartisan proposals like the** *Foreign Earnings Reinvestment Act.*
- Senator Hagan and Senator McCain know this economy demands bold, creative action that has a realistic chance of gaining support from Democrats and Republicans, and they are focused on solutions that can make it to the President's desk and provide immediate help to our struggling economy.

WHO THIS HELPS

- ❖ The American economy. Right now more than a trillion dollars is sitting idle overseas, where it is not doing one bit of good for the American economy. Bringing that trillion dollars back to our country will unquestionably provide a boost to our economy.
- ❖ American workers. With bonuses for companies that use repatriated money to expand their payrolls, companies will have a strong incentive to hire workers right here in America.